

OKLAHOMA

Economic Indicators

August 2023

OKLAHOMA ECONOMIC INDICATORS

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SPECIAL REPORT:

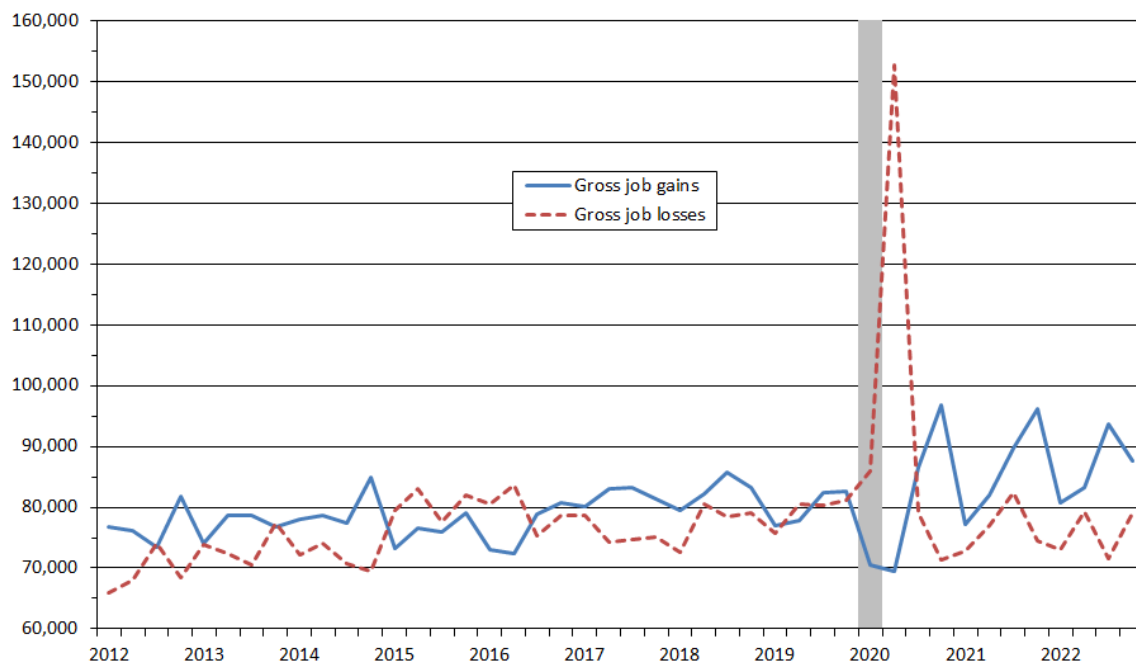
OKLAHOMA BUSINESS EMPLOYMENT DYNAMICS: 4th Quarter 2022

Gross Job Gains and Gross Job Losses: 4th Quarter 2022

From September 2022 to December 2022, gross job gains from opening and expanding private-sector establishments in Oklahoma totaled 87,704, a decrease of 5,891 jobs from the previous quarter. Over this period, gross job losses from closing and contracting private-sector establishments were 79,138, an increase of 7,623 jobs from the previous quarter, according to the Oklahoma Employment Security Commission, Economic Research and Analysis Division, and the U.S. Bureau of Labor Statistics, (see Chart 1, below and Table 1, page 6). The difference between the number of gross job gains and the number of gross job losses yielded a net employment gain of 8,566 jobs in Oklahoma's private sector during the 4th quarter of 2022.

Chart 1

Private sector gross job gains and gross job losses in Oklahoma
March 2012 - December 2022, seasonally adjusted



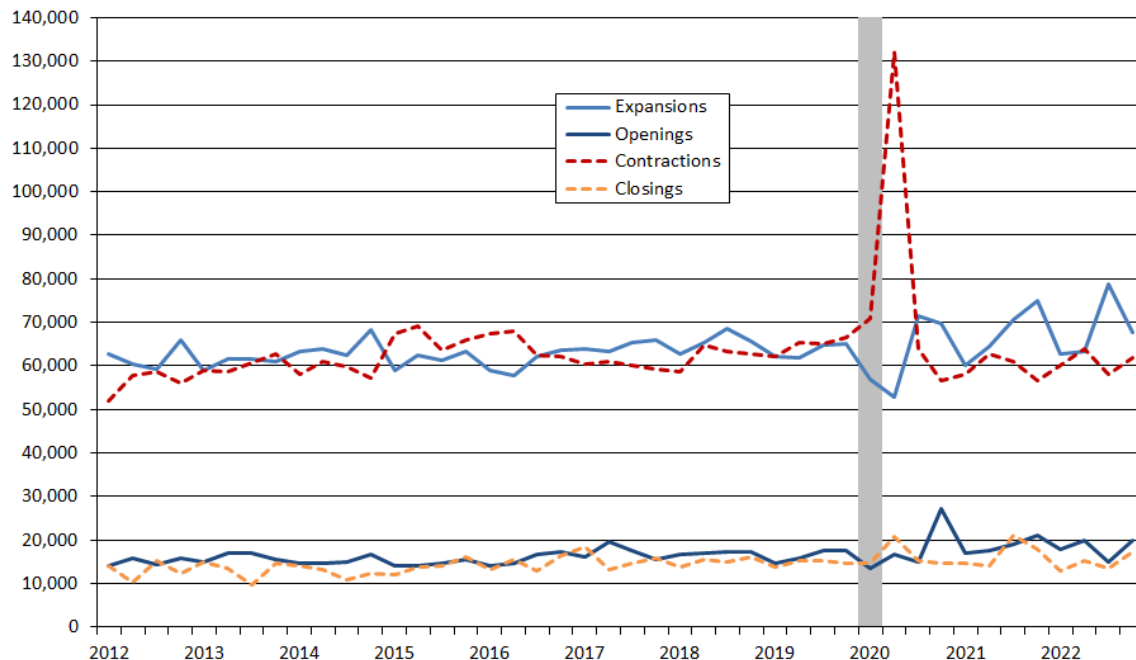
Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business establishments from the third month of one quarter to the third month of the next. *Gross job gains* are the sum of increases in employment from expansions at existing establishments and the addition of new jobs at opening establishments. *Gross job losses* are the result of contractions in employment at existing establishments and the loss of jobs at closing establishments. The difference between the number of gross job gains and the number of gross job losses is the net change in employment.

Chart 2

Components of private sector gross job gains and losses in Oklahoma
March 2012 - December 2022, seasonally adjusted



Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession periods.

Gross Job Gains and Losses: Openings vs. Closings and Expansions vs. Contractions

Gross job gains are the sum of increases in employment due to expansions at existing establishments and the addition of new jobs at opening establishments. Gross job gains at expanding establishments in Oklahoma totaled 67,807 in the 4th quarter of 2022, a decrease of 10,905 jobs compared to the previous quarter. Opening establishments accounted for 19,897 of the jobs gained in the 4th quarter of 2022, an increase of 5,014 jobs from the previous quarter, (see Chart 2, above).

Gross job losses are the result of contractions in employment at existing establishments and the loss of jobs at closing establishments. Contracting establishments in Oklahoma lost 61,883 jobs in the 4th quarter of 2022, an increase of 3,754 jobs from the prior quarter. In the 4th quarter, closing establishments lost 17,255 jobs, an increase of 3,869 jobs from the previous quarter.

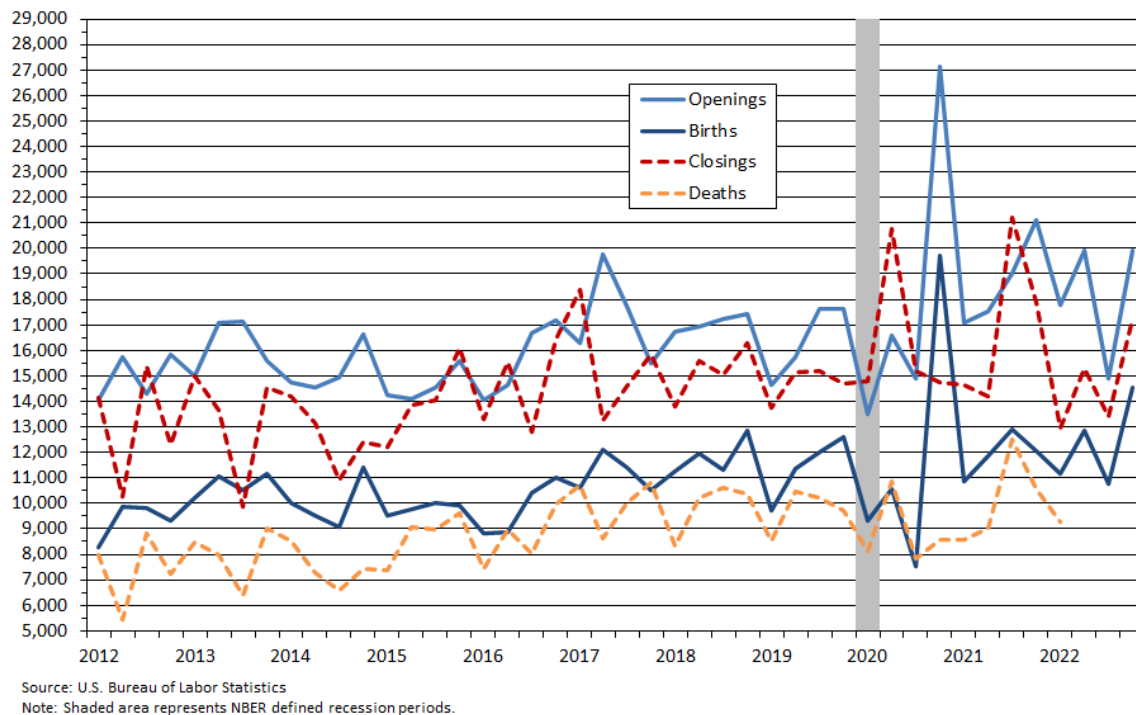
Establishment Births and Deaths

In Oklahoma, the number of private sector establishment births, (a subset of the openings data), increased by 1,055, for a total of 4,278 establishments in the 4th quarter of 2022. These new establishments accounted for 14,548 jobs, an increase of 3,786 jobs from the previous quarter, (see Chart 3, next page).

Data for establishment deaths, (a subset of the closings data), are now available through the 1st quarter of 2022, when 9,274 jobs were lost at 2,628 establishments, a decrease of 1,295 jobs from the 4th quarter of 2021, (see Chart 3, below).

Chart 3

Employment from private sector openings, closings, births and deaths in Oklahoma
March 2012 - December 2022, seasonally adjusted



Gross Job Gains and Gross Job Losses: Percent of Total Private Sector Employment

In the 4th quarter of 2022, gross job gains represented 6.6 percent of private-sector employment in Oklahoma with expansions accounting for 5.1 percent of total private sector employment and openings contributing 1.5 percent. Nationally, gross job gains accounted for 6.2 percent of private sector employment in the quarter of 2022. With few exceptions, Oklahoma's rates of gross job gains have generally tracked with the U.S. rates. However, beginning in the 1st quarter of 2015, the rate of Oklahoma's gross job gains slipped below the national rate for seven consecutive quarters, exceeded the U.S. rate in the following nine quarters but has lagged behind the U.S. rate in nine out of the past 16 quarters, (see Chart 4, next page).

In the 4th quarter of 2022, gross job losses represented 6.0 percent of private-sector employment in Oklahoma, with contractions accounting for 4.7 percent and closings adding another 1.3 percent. The national rate of gross job losses was 5.9 percent in the 4th quarter of 2022. From the 3rd quarter 2013 forward, Oklahoma's rate of gross job losses has shown more volatility especially the period beginning 1st quarter 2015 through 1st quarter 2017, then tracking more with national trends from the 4th quarter of 2017 forward, (see Chart 5, next page).

Chart 4

Private sector gross job gains as a percent of employment, United States and Oklahoma
March 2012 - December 2022, seasonally adjusted

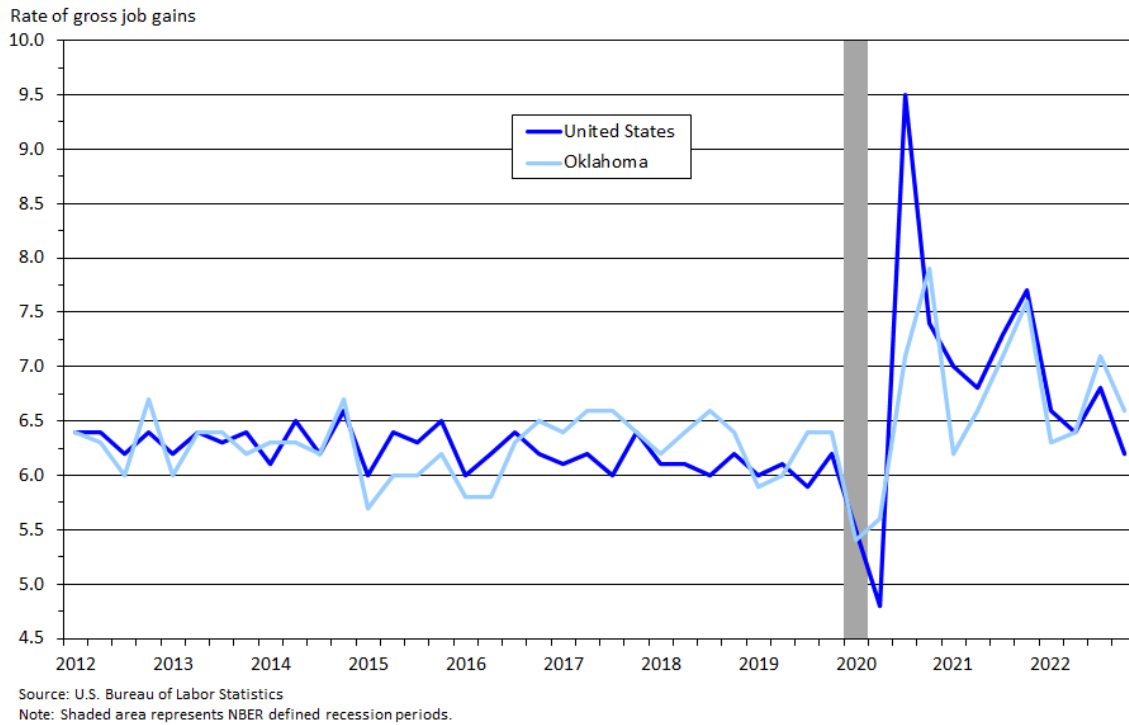


Chart 5

Private sector gross job losses as a percent of employment, United States and Oklahoma
March 2012 - December 2022, seasonally adjusted

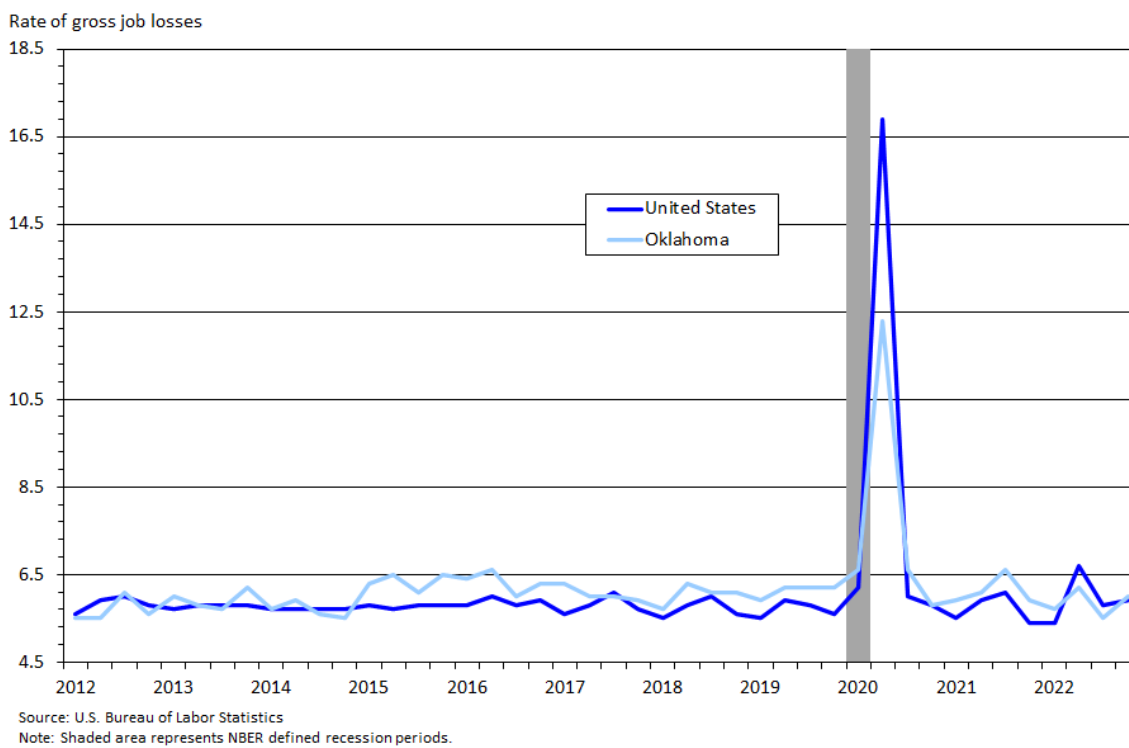


Table 1. Oklahoma: Three-month private sector gross job gains and losses, seasonally adjusted

Category	3 months ended				
	Dec 2021	March 2022	June 2022	Sep 2022	Dec 2022
Levels					
Gross job gains.....	96,147	80,662	83,248	93,595	87,704
Expanding establishments	75,018	62,879	63,349	78,712	67,807
Opening establishments	21,129	17,783	19,899	14,883	19,897
Gross job losses.....	74,418	73,118	79,286	71,515	79,138
Contracting establishments	56,534	60,167	64,005	58,129	61,883
Closing establishments	17,884	12,951	15,281	13,386	17,255
Net employment change ¹	21,729	7,544	3,962	22,080	8,566
Rates (percent)					
Gross job gains.....	7.6	6.3	6.4	7.1	6.6
Expanding establishments	5.9	4.9	4.9	6.0	5.1
Opening establishments	1.7	1.4	1.5	1.1	1.5
Gross job losses.....	5.9	5.7	6.2	5.5	6.0
Contracting establishments	4.5	4.7	5.0	4.5	4.7
Closing establishments	1.4	1.0	1.0	1.0	1.3
Net employment change ¹	1.7	0.6	0.2	1.6	0.6

Source: U.S Bureau of Labor Statistics

¹Net employment change is the difference between total gross job gains and total gross job losses.

More Information

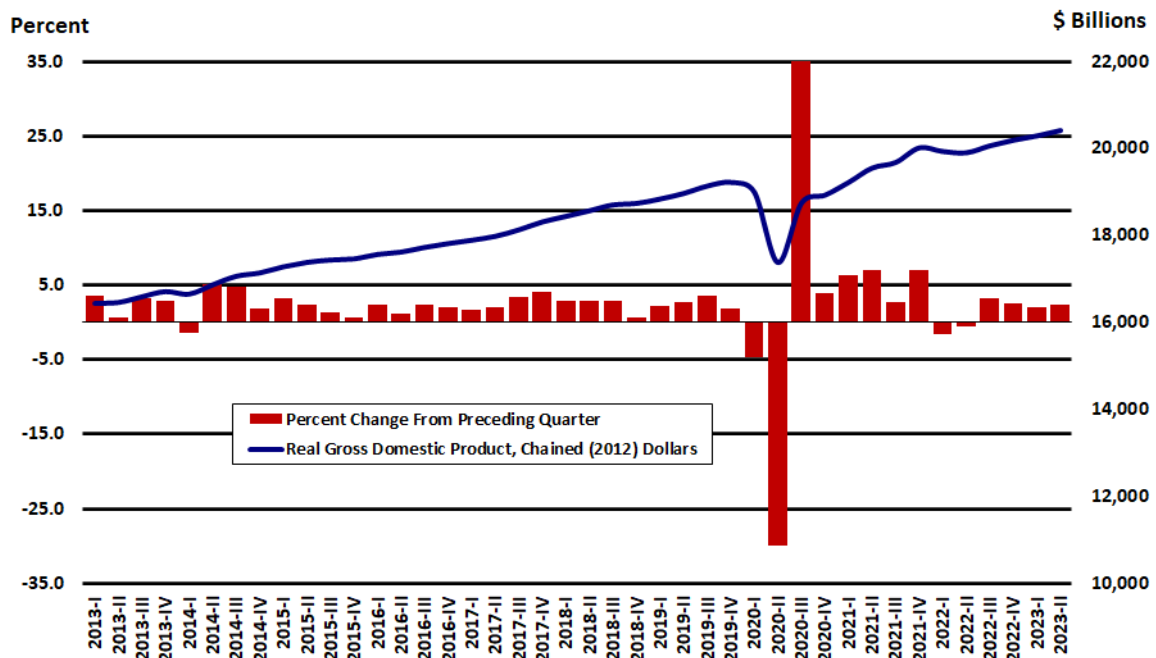
A copy of the full 4th quarter 2022 Oklahoma BED report along with technical notes and detailed tables is available on the OESC website at: [Oklahoma Business Employment Dynamics - 4th Quarter 2022](#)

Additional information about the Business Employment Dynamics program is available online at: <http://www.bls.gov/bdm>

Real Gross Domestic Product and Quarterly Change

1st Quarter 2013 to 2nd Quarter 2023 ("Advance" Estimate)

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Definition & Importance

Gross Domestic Product (GDP)—the output of goods and services produced by labor and property located in the United States—is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters, (the exceptions being during the recessions of 1960-61 and 2001).

The Bureau of Economic Analysis (BEA), U.S. Department of Commerce releases GDP data on a quarterly basis, usually during the fourth week of the month. Data are for the prior quarter, so data released in April are for the 1st quarter. Each quarter's data are revised in each of the following two months after the initial release. Each revision is based on more complete economic data.

Background

There are four major components to GDP:

1. *Personal consumption expenditures*: Individuals purchase durable goods (such as furniture and cars), nondurable goods (such as clothing and food) and services (such as banking, education, and transportation).
2. *Investment*: Private housing purchases are classified as residential investment. Businesses invest in nonresidential structures, durable equipment, and computer software. Inventories at all stages of production are counted as investment. Only inventory changes, not levels, are added to GDP.
3. *Net exports*: Equal the sum of exports less imports. Exports are the purchases by foreigners of goods and services produced in the United States. Imports represent domestic purchases of foreign-produced goods and services and are deducted from the calculation of GDP.
4. *Government*: Government purchases of goods and services are the compensation of government employees and purchases from businesses and abroad. Data show the portion

attributed to consumption and investment. Government outlays for transfer payments or interest payments are not included in GDP.

The four major categories of GDP—personal consumption expenditures, investment, net exports and government—all reveal important information about the economy and should be monitored separately. This allows one to determine the strengths and weaknesses of the economy.

Current Developments

The U.S. economy surprisingly accelerated from April through June, lifted by solid consumer spending and burst in business investment. Real gross domestic product (GDP) increased at an annual rate of 2.4 percent in the 2nd quarter of 2023, according to the "advance" estimate released by the Bureau of Economic Analysis (BEA). In the 1st quarter, real GDP increased 2.0 percent. The increase in real GDP reflected increases in consumer spending, nonresidential fixed investment, state and local government spending, private inventory investment, and federal government spending that were partly offset by decreases in exports and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, was solid in the 2nd quarter, although it slowed to a 1.6 percent annual rate from a 4.2 percent pace in the 1st quarter. Spending on durable goods, such as automobiles, decelerated to 0.4 percent following a sizzling 16.3 percent rate in the 1st quarter. Outlays on services, such as health care, housing and utilities, slowed to a 2.1 percent pace, while spending on nondurable goods, such as food and beverages, advanced 0.9 percent. Personal consumption expenditures (PCE) added 1.12 percentage points to 2nd quarter GDP growth, after contributing 2.79 percentage points in the previous quarter.

Business investment accelerated to a 7.7 percent annual rate in the 2nd quarter, the fastest pace since early 2022, as spending on equipment rebounded after two straight quarterly declines. Business outlays on equipment jumped to a 10.8 percent rate. Expenditures on structures, which are tied to the oil and gas sector and commercial real estate, grew at a 9.7 percent pace. Spending on intellectual property products increased 3.1 percent. Nonresidential fixed investment contributed 0.99 percentage point to 2nd quarter GDP, up from 0.08 percentage point reported in the previous quarter.

Businesses inventory accumulation plunged in the 1st quarter. Business inventories decreased at a rate of \$3.5 billion, down \$133.0 billion from the previous quarter, the largest inventory burn-off since the 2nd quarter of 2021. The change in private inventories added 0.14 percentage point to GDP growth, after subtracting 2.14 percentage points in the 1st quarter.

Investment in housing fell again, contracting for the ninth straight quarter, weakened by higher mortgage rates. Residential investment, a gauge of homebuilding, declined 4.2 percent in the 2nd quarter. Residential fixed investment shaved 0.16 percentage point from 2nd quarter GDP, matching a 0.16 percentage point subtraction in the previous quarter.

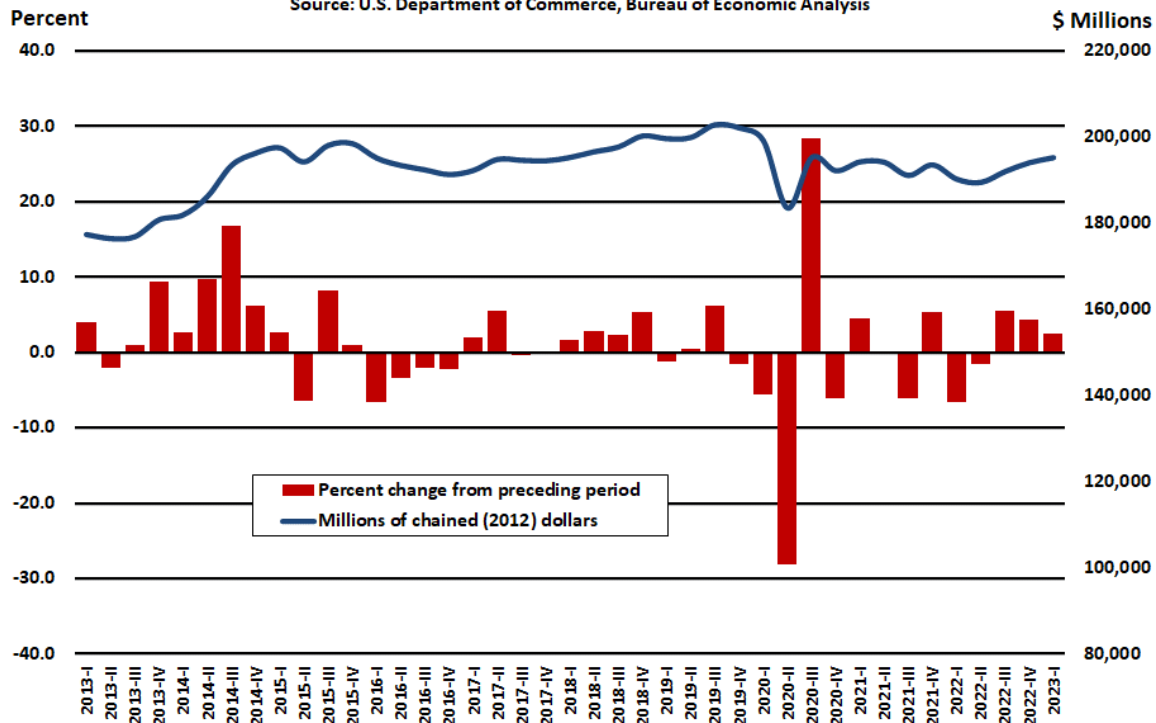
Trade was a drag to 2nd quarter GDP, after contributing to growth for four straight quarters. Exports, which add to GDP dropped 10.8 percent while imports, which subtract, declined 7.8 percent. A widening trade gap subtracted 0.12 percentage points from 2nd quarter GDP, following a 0.58 percentage point contribution in the previous quarter.

Increased spending by state and local governments also helped fuel the economy's expansion in the April to June quarter. Federal government spending increased 0.9 percent in the 2nd quarter, as national defense spending rose 2.5 percent, while nondefense spending declined 1.1 percent. Consumption outlays by state and local governments increased 3.6 percent in the 2nd quarter. Government consumption expenditures and investment added 0.45 percentage point to 2nd quarter GDP.

Oklahoma Real Gross Domestic Product and Quarterly Change

1st Quarter 2013 to 1st Quarter 2023, Seasonally Adjusted Annual Rates

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Definition & Importance

The U.S. Bureau of Economic Analysis (BEA) recently began producing statistics of quarterly gross domestic product (GDP) by state dating back to 2005. These new statistics provide a more complete picture of economic growth across states that can be used with other regional data to gain a better understanding of regional economies as they evolve from quarter to quarter. The new data provide a fuller description of the accelerations, decelerations, and turning points in economic growth at the state level, including key information about changes in the distribution of industrial infrastructure across states.

Current Developments

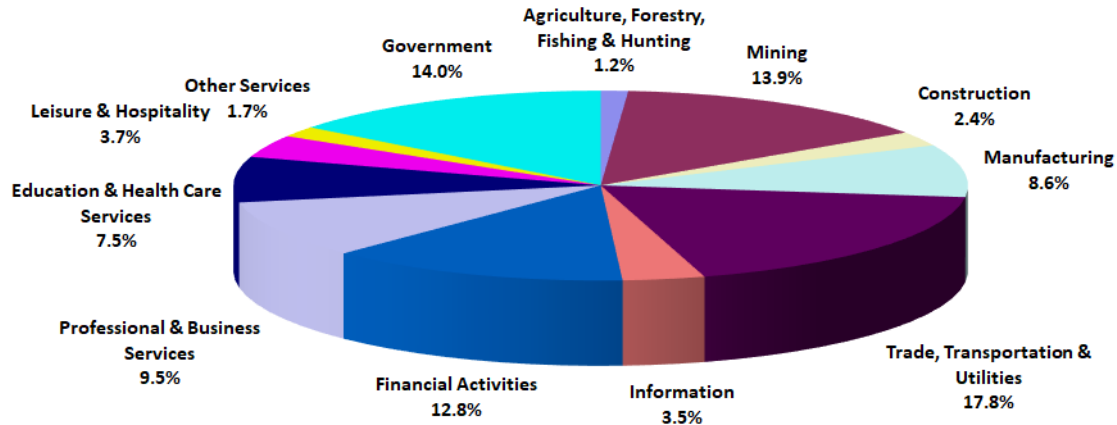
Real gross domestic product (GDP) by state—a measure of nationwide growth calculated as the sum of GDP of all states and the District of Columbia—increased in all 50 states and the District of Columbia in the 1st quarter of 2023, with the percent change ranging from 12.4 percent in North Dakota to 0.1 percent in Rhode Island and Alabama, according to the Bureau of Economic Analysis (BEA). Current-dollar GDP increased in 47 states and the District of Columbia in the 1st quarter, with the percent change ranging from 14.1 percent in Nebraska to -2.9 percent in West Virginia.

Oklahoma's real GDP decelerated to a 2.5 percent rate in the 1st quarter of 2023, following a 4.3 percent pace in the 4th quarter, ranking Oklahoma 21st among all other states and the District of Columbia. Statewide GDP was at a level of \$195.2 billion (in constant 2012 dollars) in the 1st quarter, up \$1.2 billion from the 4th quarter level of \$194.0 billion.

Industry Share of Oklahoma's Economy, 1st Quarter 2023

(by percentage of Gross Domestic Product)

Source: U.S. Department of Commerce, Bureau of Economic Analysis



In the 1st quarter of 2023, as real GDP for the nation grew at an annual rate of 2.0 percent, real GDP increased in 14 of the 23 industry groups for which BEA prepares quarterly state estimates. Health care and social assistance; retail trade; and agriculture, forestry, fishing, and hunting were the leading contributors to the increase in real GDP nationally.

Health care and social assistance increased in all 50 states and the District of Columbia and was the leading contributor to growth in 15 states. In Oklahoma, health care and social assistance added 0.45 percentage point to 1st quarter GDP.

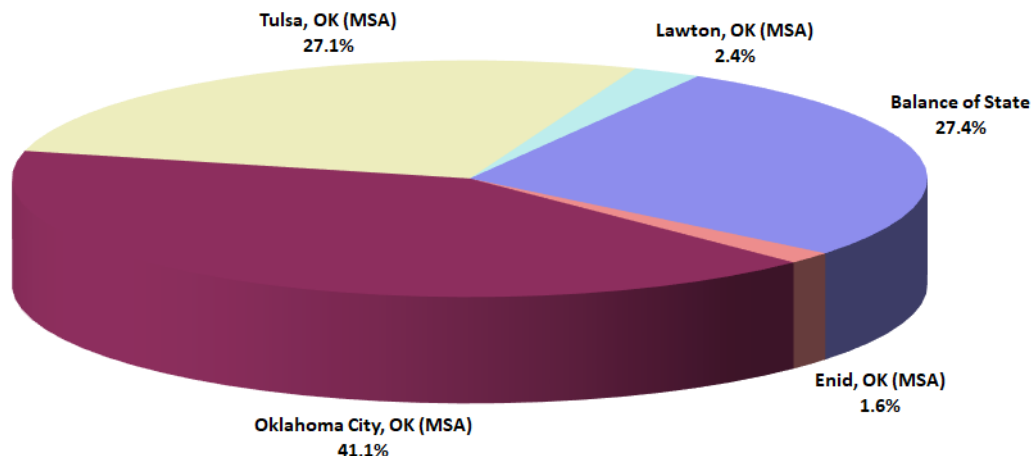
Retail trade increased in all 50 states and the District of Columbia and was the leading contributor to growth in 8 states, including Oklahoma adding 0.82 percentage point to 1st quarter GDP.

Agriculture, forestry, fishing, and hunting increased in 33 states and was the leading contributor to growth in 13 states including North Dakota, Nebraska, South Dakota, Kansas, and Montana, the 5 states with the largest increases in real GDP. In Oklahoma, agriculture, forestry, fishing, and hunting was the second-largest contributor to 1st quarter GDP, adding 0.71 percentage point.

Finance and insurance decreased in all 50 states and the District of Columbia. This industry was the leading offset to growth in Rhode Island, one of the states with the smallest increase in real GDP. In Oklahoma, finance and insurance subtracted 0.30 percentage point from statewide GDP in the 1st quarter.

Metropolitan Area Contribution to State Real Gross Domestic Product 2021

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Definition & Importance

Metropolitan Statistical Areas (MSA) are county-based definitions developed by the Office of Management and Budget for federal statistical purposes. A metropolitan area is defined as a geographic area consisting of a large population nucleus together with adjacent communities having a high degree of economic and social integration with the nucleus.

GDP by metropolitan area is the sub-state counterpart of the Nation's gross domestic product (GDP), the BEA's featured and most comprehensive measure of U.S. economic activity. GDP by metropolitan area is derived as the sum of the GDP originating in all the industries in the metropolitan area. Nationally, metropolitan statistical areas represent approximately 90 percent of total GDP. In Oklahoma, the four MSAs of Oklahoma City, Tulsa, Lawton, and Enid accounted for 71.8 percent of total state GDP in 2019.

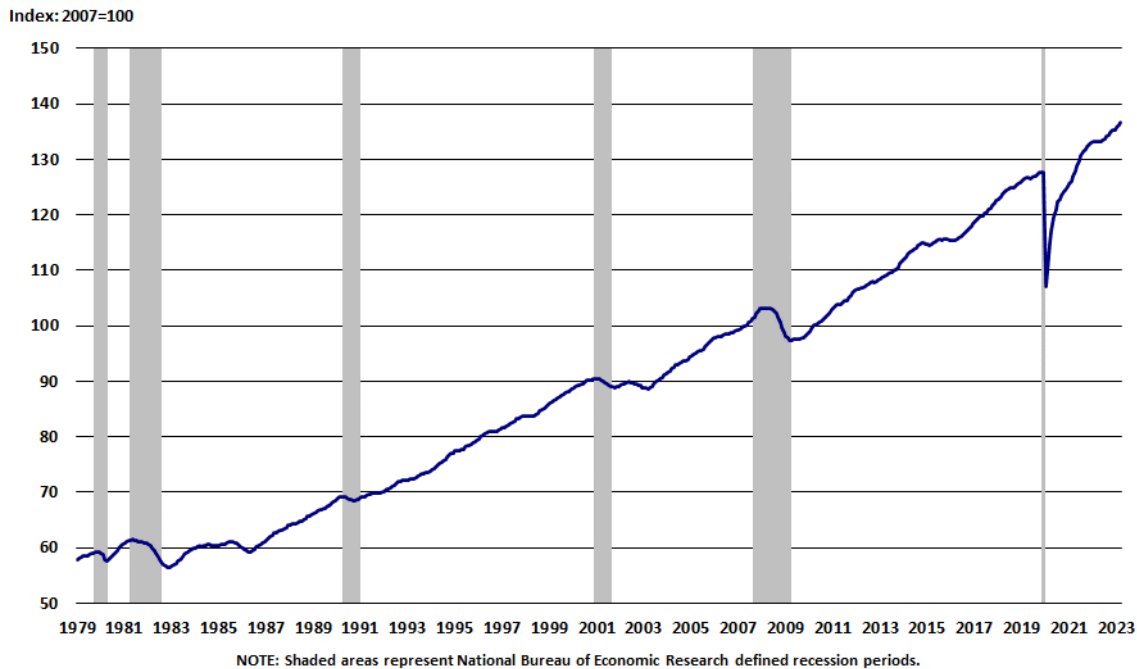
Current Developments

Real gross domestic product (GDP) increased in 365 out of 384 metropolitan areas in 2021, according to the U.S. Bureau of Economic Analysis (BEA). The percent change in real GDP by metropolitan area ranged from 25.3 percent in Elkhart-Goshen, IN to -6.7 percent in Wheeling, WV-OH. Real GDP for U.S. metropolitan areas increased 6.2 percent in 2021 as every major industry group, (with the exception of information and finance, insurance, real estate, rental, and leasing), saw declines over the year.

In 2021, all of Oklahoma's four metropolitan areas experienced positive GDP growth. Enid MSA real GDP rose 5.7 percent in 2021 to a level of \$3.17 billion, ranking it 154th among 384 metro areas. Lawton MSA real GDP increased 1.4 percent in 2021 to a level of \$4.66 billion, and ranked 349th among U.S. metro areas. Oklahoma City MSA grew 0.9 percent to \$79.33 billion and ranked 354th. Tulsa MSA real GDP increased 0.3 percent to a level of \$51.27 and ranking 362nd among 384 U.S. metropolitan areas in 2021.

Coincident Economic Activity Index for Oklahoma, 1979-2023

Source: Federal Reserve Bank of Philadelphia, retrieved from FRED, Federal Reserve Bank of St. Louis
Index: 2007=100



Definition & Importance

The Federal Reserve Bank of Philadelphia produces leading indexes for each of the 50 states. The indexes are calculated monthly and are usually released a week after the release of the coincident indexes. The Bank issues a release each month describing the current and future economic situation of the 50 states with special coverage of the Third District: Pennsylvania, New Jersey, and Delaware.

The leading index for each state predicts the six-month growth rate of the state's coincident index. In addition to the coincident index, the models include other variables that lead the economy: state-level residential housing permits (1 to 4 units), state initial unemployment insurance claims, delivery times from the Institute for Supply Management (ISM) manufacturing survey, and the interest rate spread between the 10-year Treasury bond and the 3-month Treasury bill.

Current Developments

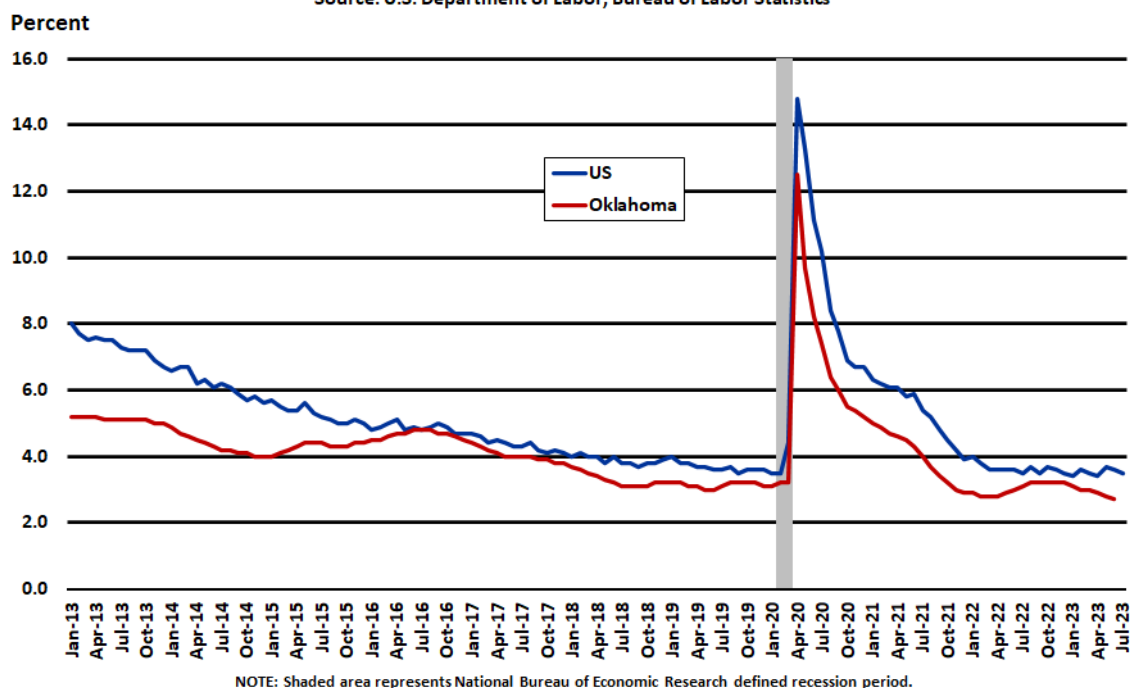
The Federal Reserve Bank of Philadelphia has released the coincident indexes for the 50 states for June 2023. Over the past three months, the indexes increased in 49 states and decreased in one, for a three-month diffusion index of 96. Additionally, in the past month, the indexes increased in 43 states, decreased in two states, and remained stable in five, for a one-month diffusion index of 82. For comparison purposes, the Philadelphia Fed has also developed a similar coincident index for the entire United States. The Philadelphia Fed's U.S. index increased 0.7 percent over the past three months and 0.3 percent in June.

In the three months to June, the coincident index for Oklahoma increased 0.9 percent. The level of payroll employment increased over the past three months. The unemployment rate decreased significantly during the three-month period. Additionally, average hours worked in manufacturing increased. Overall, Oklahoma's economic activity as measured by the coincident index has risen 2.6 percent over the past 12 months.

U.S. and Oklahoma Unemployment Rate (Seasonally Adjusted)

January 2013 to July 2023

Source: U.S. Department of Labor, Bureau of Labor Statistics



Definition & Importance

The Bureau of Labor Statistics [Local Area Unemployment Statistics \(LAUS\)](#) program produces monthly estimates of total employment and unemployment from a national survey of 60,000 households. The unemployment rate measures the percentage of people who are without work and is calculated by dividing the estimated number of unemployed people by the civilian labor force. The result expresses unemployment as a percentage of the labor force.

The unemployment rate is a lagging indicator of economic activity. During a recession, many people leave the labor force entirely. As a result, the jobless rate may not increase as much as expected. This means that the jobless rate may continue to increase in the early stages of recovery because more people are returning to the labor force as they believe they will be able to find work. The civilian unemployment rate tends towards greater stability than payroll employment on a monthly basis and reveals the degree to which labor resources are utilized in the economy.

Current Developments

The U.S. unemployment rate fell to just above a half-century low in July, as more Americans entered the labor force and were finding jobs. The unemployment rate decreased by 0.1 percentage point to 3.5 percent in July, according to the Bureau of Labor Statistics (BLS). The unemployment rate has ranged from 3.4 percent to 3.7 percent since March 2022.

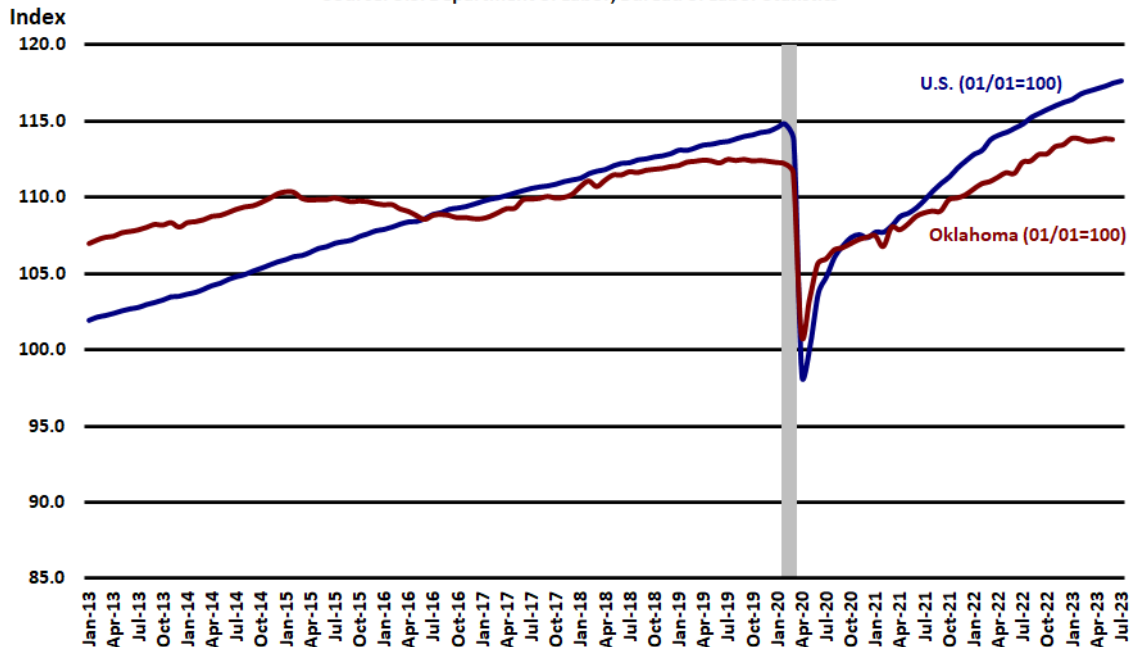
Oklahoma's seasonally adjusted unemployment rate held steady at 2.7 percent in July, matching a new series low set in the previous month. (All state series begin in 1976). Over the year, the state's seasonally adjusted unemployment rate was 0.4 percentage point lower than July 2022.

In June, Latimer County posted Oklahoma's highest county unemployment rate of 6.0 percent. McIntosh County reported the second-highest rate for the month, followed by Tillman County. Cimarron County reported the lowest county unemployment rate of 1.5 percent in June. Unemployment rates in June were lower than a year earlier in 69 counties, higher in 6 counties and unchanged in 2 counties.

U.S. and Oklahoma Nonfarm Payroll Employment (Seasonally Adjusted)

Index: January 2001=100

Source: U.S. Department of Labor, Bureau of Labor Statistics



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

Definition & Importance

Nonfarm payroll employment data is produced by the [Current Employment Statistics \(CES\)](#) program of the Bureau of Labor Statistics (BLS). The CES Survey is a monthly survey of approximately 145,000 businesses and government agencies representing approximately 697,000 worksites throughout the United States. The CES program has provided estimates of employment, hours, and earnings data by industry for the nation as a whole, all States, and most major metropolitan areas since 1939. In order to account for the size disparity between of U.S. and Oklahoma employment levels, we have indexed the data with January 2001 as the start value.

Payroll employment is one of the most current and reliable indicators of economic conditions and recessionary trends. Increases in nonfarm payrolls translate into earnings that workers will spend on goods and services in the economy. The greater the increases in employment, the faster the total economic growth.

Current Developments

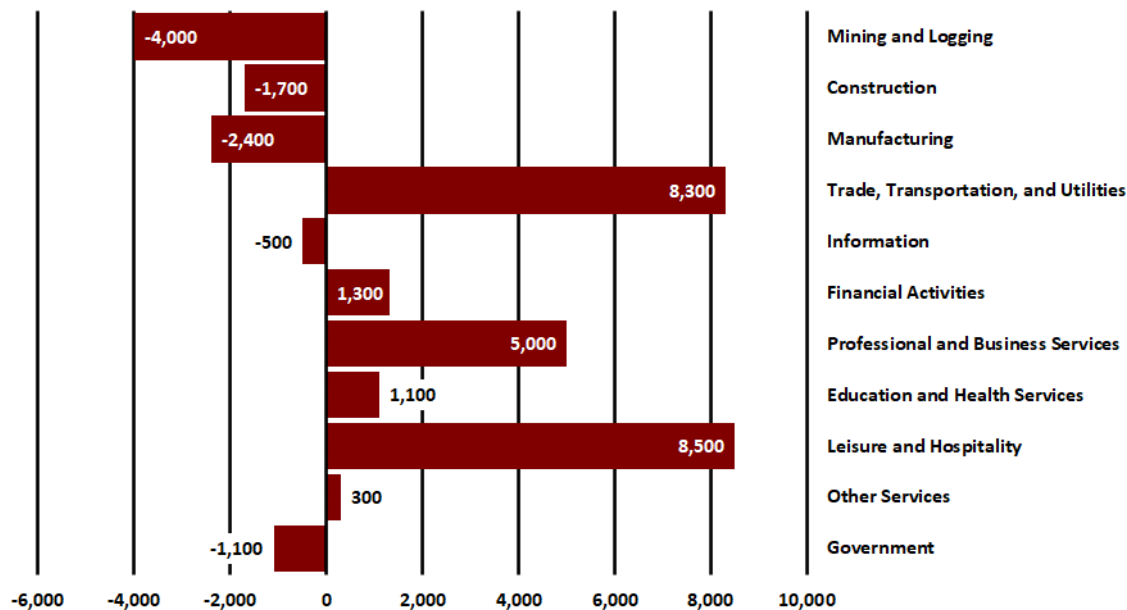
The U.S. job market cooled in July, as employers hired at a slower but still solid pace. Total nonfarm payroll employment rose by 187,000 in July, less than the average monthly gain of 312,000 over the prior 12 months, according to the Bureau of Labor Statistics (BLS). In July, job gains occurred in health care (63,000 jobs), social assistance (24,000 jobs), financial activities (19,000 jobs), and wholesale trade (18,000 jobs).

Oklahoma's seasonally adjusted nonfarm employment added 3,000 jobs (0.2 percent) in July, to a level of 1,732,700 while the June estimate was upwardly revised to 1,729,700. In July, five of Oklahoma's supersectors added jobs, as education and health services (2,900 jobs) followed by manufacturing and government (700 jobs each) reported the largest job gains over the month. Trade, transportation, and utilities (-600 jobs) followed by construction (-500 jobs) posted the largest over-the-month job losses in July.

Oklahoma Employment Change by Industry, 2020-2021

Annual Averages (Not Seasonally Adjusted)

Source: Current Employment Statistics (CES), U.S. Department of Labor, Bureau of Labor Statistics



Definition & Importance

Employment growth by industry identifies the types of jobs being created in the state. Conversely, industries with a declining employment trend indicate those which are becoming less important in the state's economy. There may also be industries which behave more cyclically, growing during expansion and decreasing in times of economic slowdown or contraction. These changes are crucial in that they help to recognize the types of jobs being lost by individuals. Anticipating what will happen in recovery helps identify whether those jobs will return or what types of new jobs will be created. Consequently, key information for planning re-employment, retraining, and other workforce and economic development programs is contained within these data. For this analysis, we are using CES non-seasonally adjusted annual averages to compare year-over-year employment changes.

Current Developments

Oklahoma's annual average nonfarm employment added jobs in 2021, following a dip in 2020 as business closures due to the COVID-19 pandemic pulled employment down. Total nonfarm employment added a non-seasonally adjusted 14,900 jobs (0.9 percent) in 2021. For comparison, 77,500 jobs were lost for a 4.5 percent decline in the previous year.

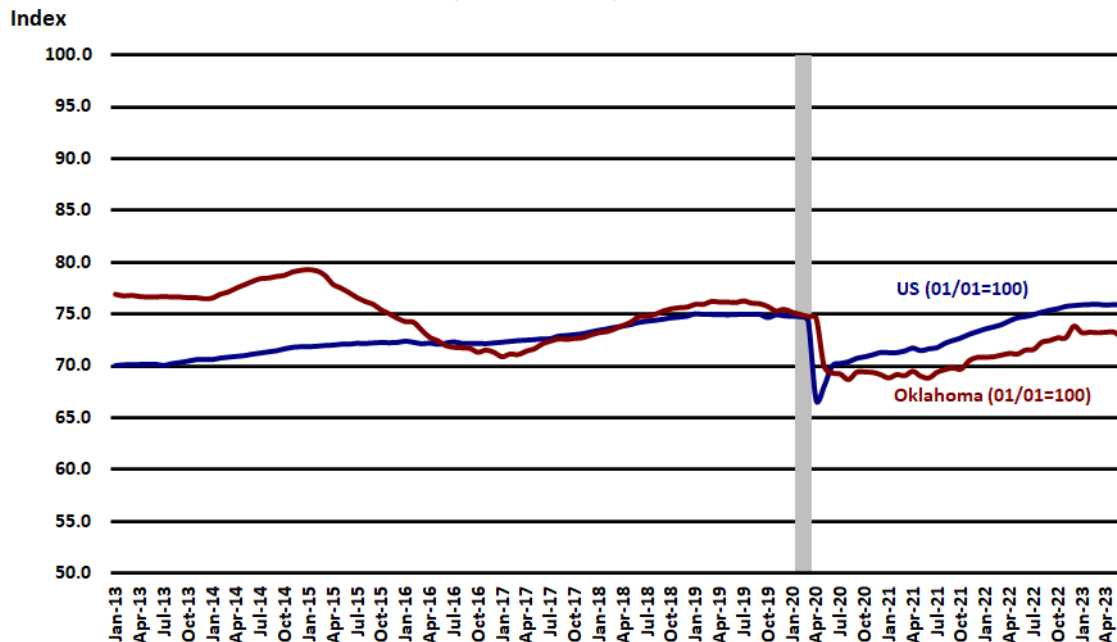
In 2021, six of 11 of Oklahoma's supersectors reported job gains. Leisure and hospitality saw the largest job gain adding 8,500 jobs (5.4 percent), as accommodation and food services accounted for the bulk of the job gains (7,700 jobs). Trade, transportation, and utilities shed a non-seasonally adjusted 8,300 jobs (2.7 percent), as retail trade added 4,900 jobs over the year. Professional and business services employment grew by 5,000 jobs (6.3 percent) as employment services gained 4,200 jobs. Other sectors adding jobs were financial activities (-1,300 jobs), and education and health services (1,100 jobs).

Mining and logging lost 4,000 jobs (-12.7 percent) as support activities for mining lost 2,500 jobs. Manufacturing employment declined by 2,400 jobs (-1.8 percent) with durable goods manufacturing accounting for all the job losses. Construction dropped 1,700 jobs (-2.2 percent). Government employment declined by 1,100 jobs (-0.3 percent), while information shed 500 jobs.

U.S. and Oklahoma Manufacturing Employment (Seasonally Adjusted)

Index: January 2001 = 100

Source: U.S. Department of Labor, Bureau of Labor Statistics



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

Definition & Importance

Manufacturing employment data is also produced by the Bureau of Labor Statistics' Current Employment Statistics (CES) program. Manufacturing and production are still important parts of both the U.S. and Oklahoma economies. According to the [2020 County Business Patterns](#), the manufacturing sector was the 5th-largest employer, employing 12.0 million workers in the United States—and the top 10 average annual employee payroll at \$61,520. In Oklahoma, manufacturing accounts for one of the largest shares of private output and employment in the state. In addition, many manufacturing jobs are among the highest paying jobs in the state. In order to account for the size disparity between the U.S. and Oklahoma employment levels, we have indexed the data with January 2001 as the starting value.

Current Developments

U.S. factory payrolls dipped in July, marking the third decline of 2023. Manufacturing employment decreased by 2,000 in July, according to the Bureau of Labor Statistics. In July, manufacturing's largest employment gains were in transportation equipment (5,600 jobs), computers and electronic products (2,500 jobs), miscellaneous nondurable goods (1,800 jobs), primary metals (1,700 jobs), miscellaneous durable goods (up 1,300) and nonmetallic mineral products (1,000 jobs).

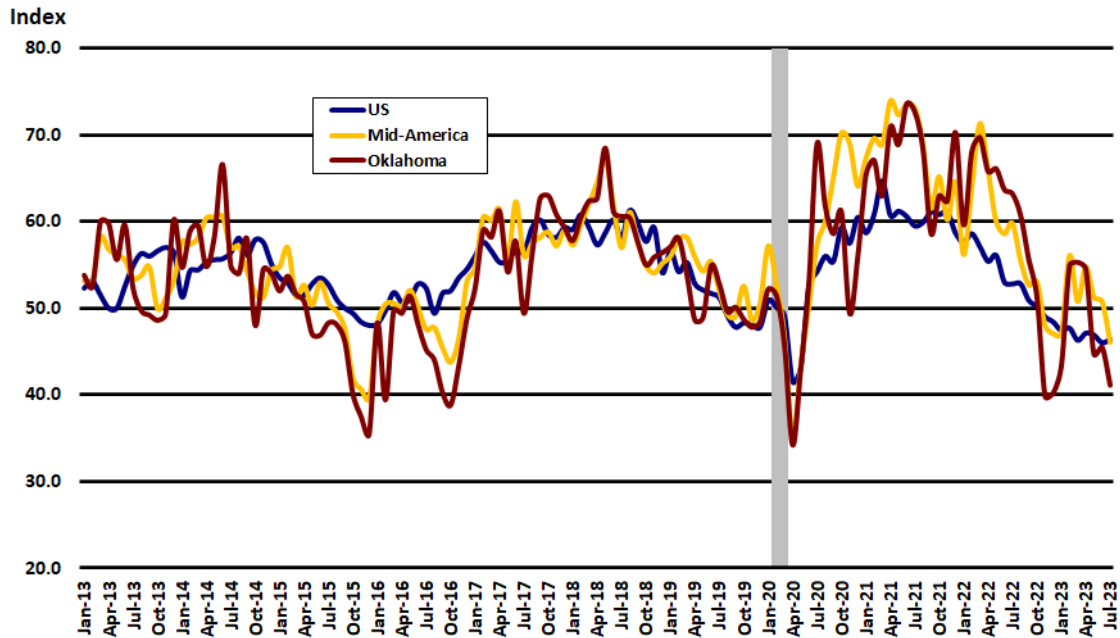
Oklahoma manufacturing employment added a seasonally adjusted 700 jobs (0.5 percent) over the month in July to a level of 136,700. Durable goods manufacturing gained 800 jobs (1.0 percent) while non-durable goods manufacturing shed 100 jobs (-0.2 percent).

Over the year, statewide manufacturing employment added a seasonally adjusted 3,100 jobs (2.3 percent) compared to July 2022, as durable goods manufacturing gained 2,000 jobs (2.3 percent) and non-durable goods manufacturing added 1,100 jobs (2.4 percent).

Purchasing Managers' Index (Manufacturing)

January 2013 to July 2023

Sources: ISM Manufacturing Report On Business® and Business Conditions Index for Mid-America, Creighton University



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

Definition & Importance

Economists consider the Institute for Supply Management's Purchasing Managers' Index (PMI™) a key economic indicator. The Institute for Supply Management (ISM®) surveys more than 300 manufacturing firms on employment, production, new orders, supplier deliveries, and inventories. The ISM® manufacturing index is constructed so that any level at 50 or above signifies growth in the manufacturing sector, which accounts for about 12 percent of the U.S. economy. A level above 43 or so, but below 50, indicates that the U.S. economy is still growing even though the manufacturing sector is contracting. Any level below 43 indicates that the economy is in recession.

For the region, since 1994, the Creighton Economic Forecasting Group at Creighton University has conducted a monthly survey of supply managers in nine states (including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota), to produce leading economic indicators for the Mid-America economy using the same methodology as the national survey by the ISM®.

Current Developments

U.S. manufacturing activity appeared to stabilize in July, as new orders improved but factory employment dropped to a three-year low. The July Manufacturing PMI® registered 46.4 percent, 0.4 percentage point higher than the 46 percent recorded in June, according to the latest ISM [Manufacturing Report On Business®](#). This was the ninth straight month the PMI stayed below the 50 threshold, indicating contraction in manufacturing, the longest such stretch since the 2007-2009 Great Recession.

The ISM survey's forward-looking new orders sub-index increased to 47.3 in July, up from 45.6 in June. The survey's gauge of factory employment fell to 44.4 from 48.1 in June. Inflation at the factory gate rose to a still-low 42.6 in July from 41.8 in June. The delivery performance of suppliers to factories has been faster for tenth straight months, as the survey's measure of supplier deliveries rose to 46.1, up from 45.7 in June. A reading below 50 indicates faster deliveries to factories.

After climbing above growth neutral for five straight months, the Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Minnesota to Arkansas, fell below the growth neutral threshold. The [Business Conditions Index](#), which uses the identical methodology as the national ISM and ranges between 0 and 100 with 50.0 representing growth neutral, dropped to 46.1 from 50.8 in June.

“This is the lowest overall reading since the beginning of the pandemic in May 2020,” said Ernie Goss, Ph.D., director of Creighton University’s Economic Forecasting Group and the Jack A. MacAllister Chair in Regional Economics in the Heider College of Business.

“Creighton University’s survey results indicate that contrary to the Federal Reserve consensus, a recession in 2023 is still ‘on the table.’ On average, 45.9 percent of supply managers expect a recession in the second half of 2023. I expect weak readings from surveys such as Creighton’s between now and the middle of September to push the Federal Reserve to cease rate hikes at their interest rate setting committee meeting on September 19-20,” said Goss.

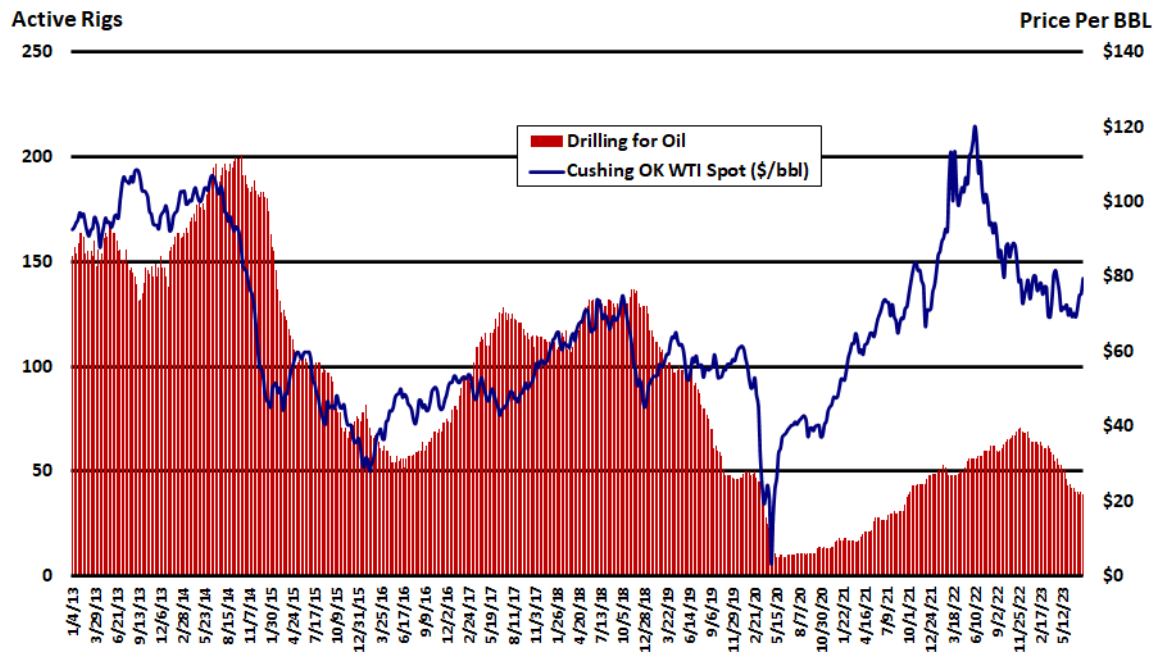
Oklahoma’s Business Conditions Index slumped below growth neutral for a second straight month. The July index dropped to 41.1 from 45.5 in June. Components of the overall July index were: new orders at 42.6; production or sales at 38.6; delivery lead time at 45.3; inventories at 35.4; and employment at 43.4.

“According to U.S. International Trade Association data, Oklahoma exports fell by 10.8 percent in the first five months of 2023 compared to 2022 during the same time period. The state’s leading export, machinery manufacturing, contracted by 9.2 percent from 2022 to 2023,” noted Goss.

Oklahoma Active Rotary Rigs & Cushing, OK WTI Spot Price

January 2013 to July 2023

SOURCES: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



Definition & Importance

Crude oil is an important commodity in the global market. Prices fluctuate depending on supply and demand conditions in the world. Since oil is such an important part of the economy, it can also help determine the direction of inflation. In the U.S. consumer prices have moderated whenever oil prices have fallen but have accelerated when oil prices have risen. The U.S. Energy Information Administration (EIA) provides weekly information on petroleum inventories in the U.S., whether produced here or abroad.

The Baker Hughes rig count is an important indicator for the energy industry and Oklahoma. When drilling rigs are active, they consume products and services produced by the oil service industry. The active rig count acts as a leading indicator of demand for products used in drilling, completing, producing, and processing hydrocarbons.

West Texas Intermediate (WTI-Cushing) is a light crude oil produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams and which is set in the domestic spot market at Cushing, Oklahoma.

Background

The discovery of oil transformed Oklahoma's economy. By the time Oklahoma became a state in 1907, it was the largest oil producer in the nation. Excluding federal offshore areas, Oklahoma was the 6th-largest crude oil producer among the states in 2021, accounting for over 4 percent of the nation's crude oil production (at 143,052,000 barrels). Crude oil wells and gathering pipeline systems are concentrated in central Oklahoma. The state's largest producing field and the 11th largest in the United States, the [Sho-Vel-Tum](#) field, in eastern Stephens and western Carter Counties has continuously produced crude oil since its discovery in 1905.

The city of Cushing, in central Oklahoma, is home to about 14 percent of the nation's commercial crude oil storage capacity and is a major crude oil trading hub connecting Gulf Coast producers to Midwest refining markets. In addition to Oklahoma crude oil, the Cushing hub receives supply from several major pipelines that originate in Texas. Traditionally, the Cushing Hub has pushed Gulf Coast and Mid-Continent crude oil supply north to Midwest refining markets. However,

production from those regions is in decline, and an underused crude oil pipeline system has been reversed to deliver rapidly expanding heavy crude oil supply produced in Alberta, Canada to Cushing, where it can access Gulf Coast refining markets. For this reason, Cushing is the designated delivery point for the New York Mercantile Exchange (NYMEX) crude oil futures contracts. Crude oil supplies from Cushing that are not delivered to the Midwest are fed to Oklahoma's five refineries. As of January 2021, those refineries had a combined distillation capacity of more than 522,000 barrels per day—roughly 3.0 percent of the total U.S. refining capacity.

Current Developments

The U.S. Energy Information Administration (EIA) expects U.S. crude oil production to surpass 12.9 million barrels (bbls) per day in late 2023 and to exceed 13 million bbls per day in early 2024, both annual records. In its August [Short-Term Energy Outlook](#) (STEO), EIA forecasts U.S. crude oil production to average 12.8 million barrels per day in 2023, which is 200,000 barrels per day more than in its July forecast.

EIA expects sustained global demand for petroleum products and Saudi Arabia's extended voluntary production cuts will contribute to oil prices rising through the year. International benchmark Brent crude oil price was near \$75/bbl at the beginning of July and increased throughout the month to surpass \$86/bbl on August 4. EIA forecasts the Brent crude oil price to increase the rest of 2023 and to approach \$90/bbl in late 2023.

Crude production in Oklahoma increased over the month in May—the most recently reported monthly data point. Statewide field production of crude oil was at a preliminary level of 13,783,000 bbl in May, up 560,000 bbl (4.2 percent) from the upwardly revised April level of 13,223,000 bbl, according to data reported by the EIA. Compared to a year ago, Oklahoma crude production was up 375,000 bbl (2.8 percent) from the May 2022 production level of 13,408,000 bbl. For 2022, statewide crude production was at a level of 151,535,000 bbl, up 3,698,000 bbl (2.5 percent) from the 2021 production level of 147,837,000 bbl.

West Texas Intermediate (WTI-Cushing) crude oil for delivery at Cushing, Oklahoma, averaged \$76.07/bbl in July, up \$5.82/bbl from the June average of \$70.25/bbl.

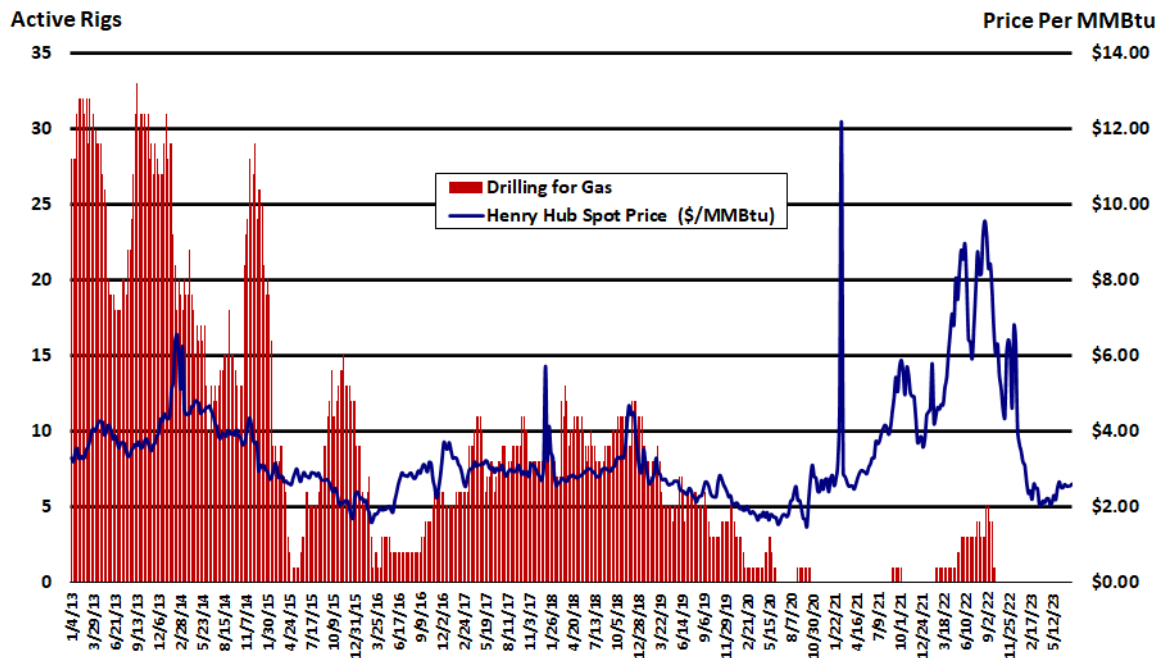
According to oil field services company Baker Hughes, oil-directed rig activity in the United States, which reflects crude oil drilling, was down 1 rig to a level of 529 for the week ending July 28, 2023, while the nation's total rig count was down 5 to a level of 664. Compared to a year ago, the nation's total rig count was 103 less than 767 rigs reported on July 29, 2022.

For the week ending July 28, 2023, Oklahoma's total active rig count was at a level of 39, down 1 rig over the week, according to Baker Hughes. Oil-directed rigs accounted for all of total rig activity in July. Over the year, Oklahoma's active rig count was down 25 from 64 active rigs reported operating on July 29, 2022.

Oklahoma Active Rotary Rigs & Henry Hub Natural Gas Spot Price

January 2013 to July 2023

Sources: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



Definition & Importance

The U.S. Energy Information Administration (EIA) provides weekly information on natural gas stocks in underground storage for the U.S., and three regions of the country. The level of inventories helps determine prices for natural gas products. Natural gas product prices are determined by supply and demand—like any other good or service. During periods of strong economic growth, one would expect demand to be robust. If inventories are low, this will lead to increases in natural gas prices. If inventories are high and rising in a period of strong demand, prices may not need to increase at all, or as much. However, during a period of sluggish economic activity, demand for natural gas may not be as strong. If inventories are rising, this may push down oil prices.

The Henry Hub in Erath, Louisiana is a key benchmark location for natural gas pricing throughout the United States. The Henry Hub is the largest centralized point for natural gas spot and futures trading in the United States. The New York Mercantile Exchange (NYMEX) uses the Henry Hub as the point of delivery for its natural gas futures contract. Henry Hub “spot gas” represents natural gas sales contracted for *next day* delivery and title transfer at the Henry Hub. The settlement prices at the Henry Hub are used as benchmarks for the entire North American natural gas market. Approximately 49 percent of U.S. wellhead production either occurs near the Henry Hub or passes close to the Henry Hub as it moves to downstream consumption markets.

Background

Oklahoma's proved natural gas reserves are the 3rd-largest in the nation, after Texas and Pennsylvania. The state has 8 percent of the nation's total proved reserves and contains all or part of 14 of the 100 largest U.S. natural gas fields, as measured by proved reserves. In 2021, Oklahoma was the nation's 5th-largest producer of marketed natural gas. Statewide annual natural gas production was at an all-time high of more than 3.0 trillion cubic feet in 2019.

In 2020, Oklahoma was the nation's 4th-largest consumer of natural gas on a per capita basis. The electric power sector and the industrial sector together use slightly more than four-fifths of the natural gas delivered to consumers in Oklahoma.

Current Developments

In the August [*Short-Term Energy Outlook*](#) (STEO), the U.S. Energy Information Administration (EIA) noted that associated natural gas production growth in the Permian Basin, driven by higher oil prices, has supported U.S. dry natural gas production in 2023 despite a decline in natural gas prices. EIA expects production to average about 104 billion cubic feet per day (Bcf/d) through the end of 2024, compared with 103 Bcf/d in 2nd quarter 2023. Flat production largely reflects continuing growth in associated natural gas production offset by declines in natural gas directed drilling.

Oklahoma natural gas production increased over the month in May. Statewide natural gas gross withdrawals were at a preliminary level of 235,754 million cubic feet (MMcf) in May, up 3,084 MMcf (1.3 percent) from the previous month's downwardly revised level of 232,670 MMcf. Over the year, statewide natural gas production was down 1,278 MMcf (-0.5 percent) from the May 2022 level of 237,032 MMcf. For 2022, total statewide natural gas production was at a level of 2,744,470 MMcf, up 172,637 MMcf (6.7 percent) from the 2021 production level of 2,571,833 MMcf.

In July, the Henry Hub spot price averaged \$2.55 per million British thermal units (MMBtu), up 37 cents from \$2.18/MMBtu in June.

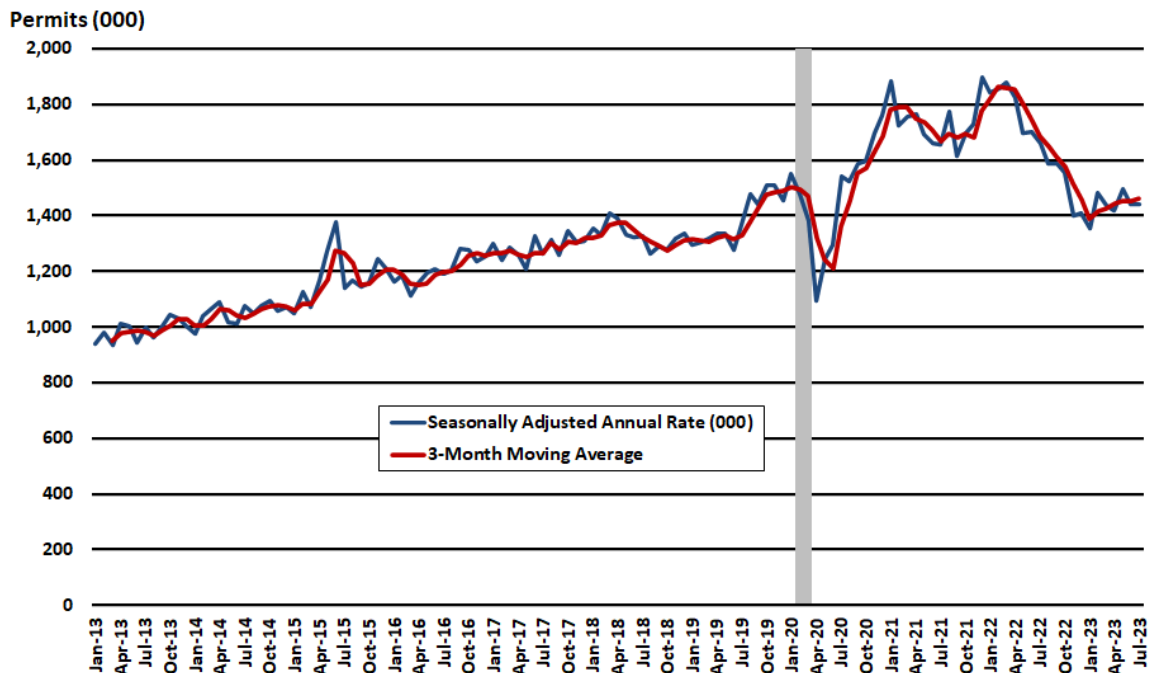
According to Baker Hughes, for the week ending July 28, 2023, the national natural gas rig count was down 3 rigs to a level of 128 over the week and down 29 rigs over the year.

Oklahoma drillers reported no active natural gas-directed rigs for the week ending July 28, 2023, unchanged over the month, according to Baker Hughes.

U.S. New Private Housing Units Authorized by Building Permit

January 2013 to July 2023, Seasonally Adjusted

Source: U.S. Census Bureau and Department of Housing and Urban Development



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

Definition & Importance

The U.S. Census Bureau and the Department of Housing and Urban Development jointly provide monthly national and regional data on the number of new housing units authorized by building permits; authorized, but not started; started; under construction; and completed. The data are for new, privately-owned housing units (single and multifamily), excluding "HUD-code" manufactured homes. Because permits precede construction, they are considered a leading indicator for the residential construction industry and the overall economy. Most of the construction begins the same month the permit is issued. The remainder usually begins construction during the following three months; therefore, we also use a three-month moving average.

While home construction represents a small portion of the housing market, it has an outsize impact on the economy. Each home built creates an average of three jobs for a year and about \$130,000 in taxes, according to the National Association of Home Builders. Overall, homebuilding fell to its lowest levels in 50 years in 2009, when builders began work on just 554,000 homes.

Current Developments

U.S. applications to build, a sign of future residential construction activity, rose in July amid a severe shortage of previously owned houses. Privately-owned housing units authorized by building permits in July were at a seasonally adjusted annual rate of 1,442,000, 0.1 percent above the revised June rate of 1,441,000, but 13.0 percent below the July 2022 rate of 1,658,000, according to the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.

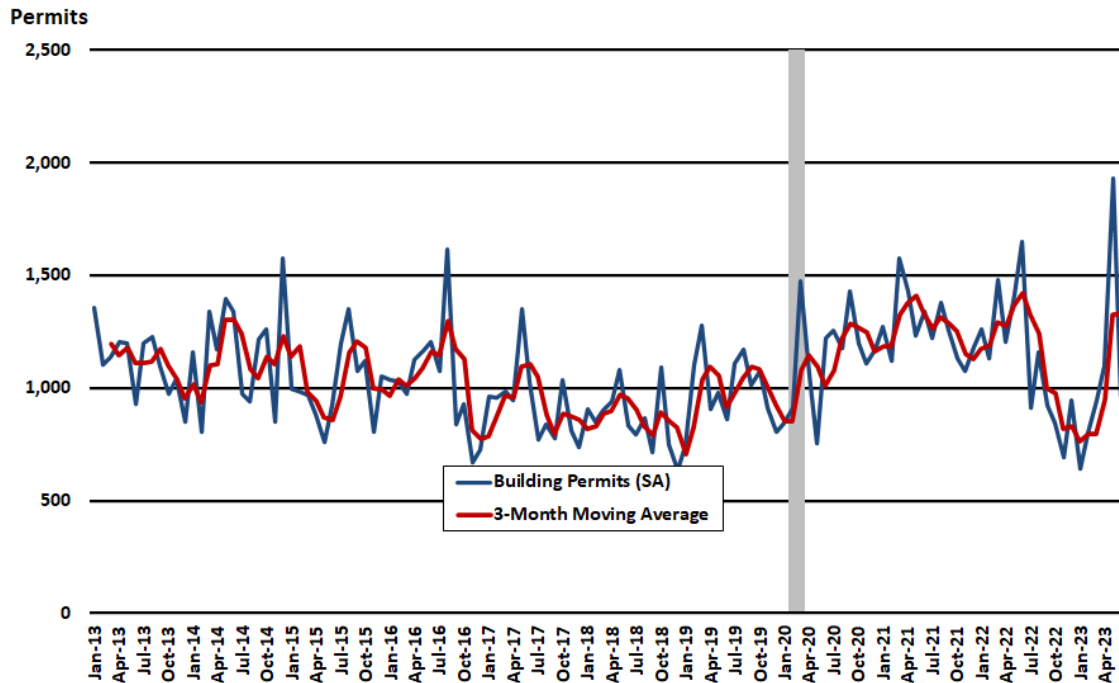
Permits for single-family homes increased 0.6 percent to a rate of 930,000 units in July, while permits for multi-family housing projects dropped 0.2 percent to a rate of 464,000 units.

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) registered a six-point drop to 50 in August, following seven consecutive months of increases.

Oklahoma New Private Housing Units Authorized by Building Permit

January 2013 to June 2023, Seasonally Adjusted

Sources: U.S. Census Bureau and Department of Housing and Urban Development, Federal Reserve Bank of St. Louis



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

Definition & Importance

The data services of the Federal Reserve Bank of St. Louis produce a seasonally adjusted series including monthly state level data on the number of new housing units authorized by building permits. These adjustments are made using the X-12 Procedure of SAS to remove the seasonal component of the series so that non-seasonal trends can be analyzed. This procedure is based on the U.S. Bureau of the Census X-12-ARIMA Seasonal Adjustment Program.

Current Developments

Statewide residential permitting cooled in June, following a surge in applications to build apartments in May that pushed residential permitting to the highest level in nearly 10 years. Total residential permitting in June was at a seasonally adjusted level of 970, down 959 (-49.7 percent) from the upwardly revised May level of 1,929, and down 680 (-41.2 percent) from the June 2022 level of 1,650 permits, according to figures from the U.S. Census Bureau and the Federal Reserve Bank of St. Louis.

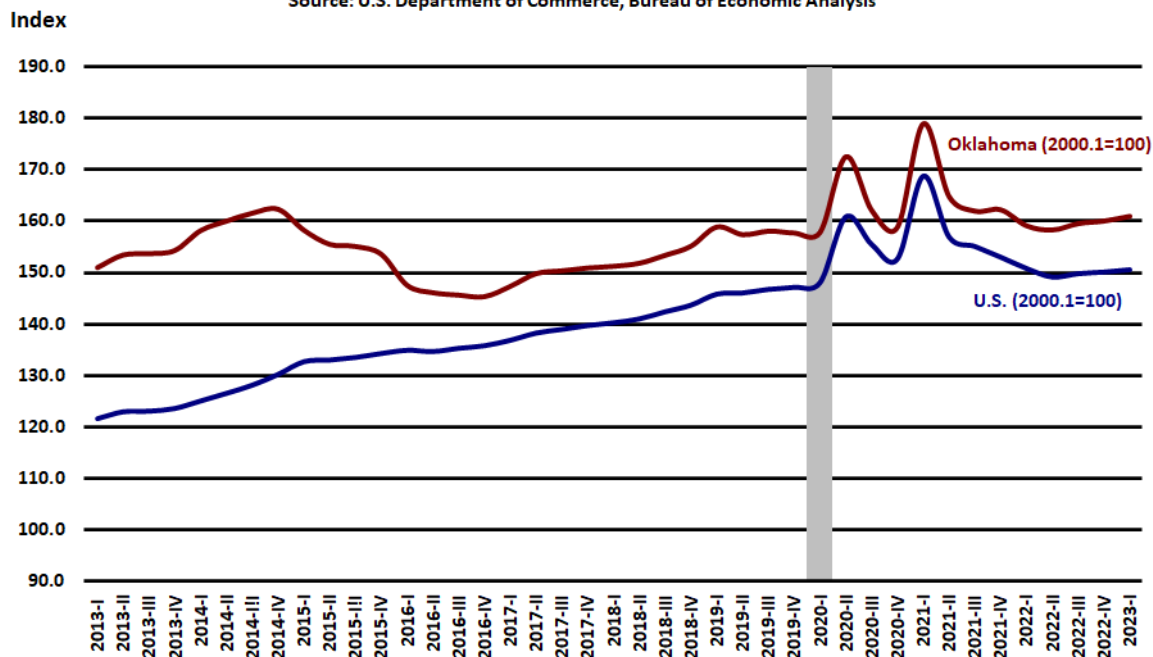
In June, permitting for single family homes was at a seasonally adjusted level of 893 units, down 189 (-17.5 percent), from a level of 1,082 in May. Multi-family permitting was at a seasonally adjusted level of 77 in June, down 770 (-90.9 percent), from the previous month's level of 847 permits. Single-family permitting accounted for 92.1 percent of total residential permitting activity in June while the more volatile multi-family permitting accounted for 7.9 percent.

In 2022, statewide residential construction slipped from a 15-year high set in 2021. Oklahoma total residential permitting for 2022 was at a seasonally adjusted level of 13,512 permits. This is 1,709 fewer permits (-11.2 percent) less than the 15,221 total permits issued during 2021.

U.S. and Oklahoma Real Personal Income, Q1/13 to Q1/23

Index: 1st Quarter 2000 = 100

Source: U.S. Department of Commerce, Bureau of Economic Analysis



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

Definition & Importance

Personal income is a broad measure of economic activity and one for which relatively current data are available. Personal income includes earnings, property income such as dividends, interest, and rent and transfer payments, such as retirement, unemployment insurance, and various other benefit payments. It is a measure of income that is available for spending and is seen as an indicator of the economic well-being of the residents of a state. Earnings and wages make up the largest portion of personal income.

To show the vastly different levels of total personal income for the U.S. and Oklahoma on the same chart, these data have been converted to index numbers. This chart shows a comparison of Oklahoma and U.S. growth in real personal income with 1st quarter 2000 as the base year.

Current Developments

U.S. household income and spending both rose briskly in June, while a gauge of inflation registered its smallest increase in more than two years. Personal income increased \$69.5 billion (0.3 percent at a monthly rate) in June, according to estimates by the Bureau of Economic Analysis (BEA). Disposable personal income (DPI), personal income less personal current taxes, increased \$67.5 billion (0.3 percent) and personal consumption expenditures (PCE) increased \$100.4 billion (0.5 percent). The PCE price index increased 0.2 percent. Excluding food and energy, the PCE price index also increased 0.2 percent.

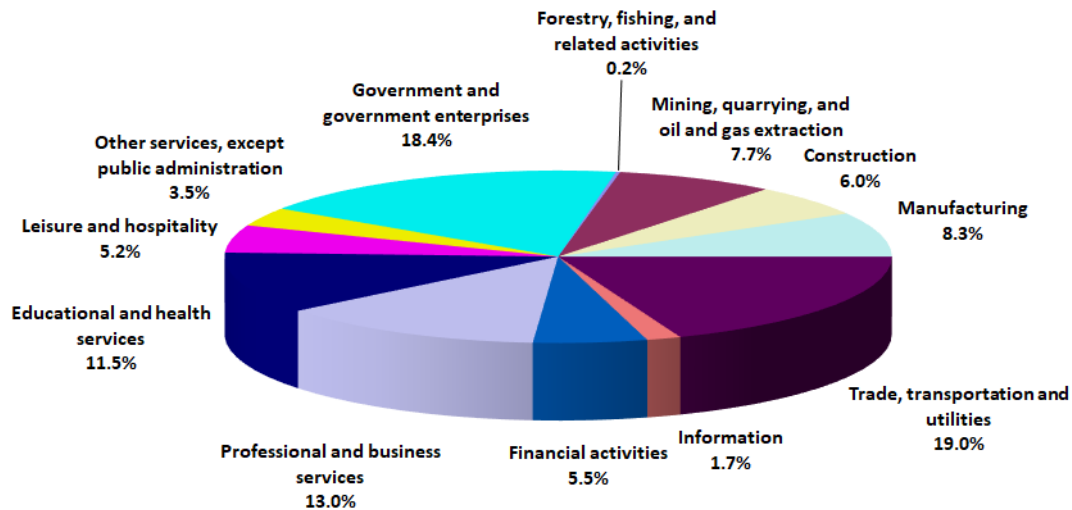
In June, outlays on goods rose 0.8 percent as purchases of durable goods, such as motor vehicles, increased 1.4 percent. Non-durable goods spending grew 0.5 percent. Spending on services rose 0.4 percent, driven by spending on financial services and insurance.

The personal savings rate—personal saving as a percentage of disposable personal income—was 4.3 percent in June, down from 4.6 percent in May.

Oklahoma Nonfarm Industry Contribution to Earnings

First Quarter 2023

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Definition & Importance

Quarterly estimates of state personal income are seasonally adjusted at annual rates by the Bureau of Economic Analysis (BEA). Quarterly personal income estimates are revised on a regular schedule to reflect more complete information than the data that were available when the estimates were initially prepared and to incorporate updated seasonal factors.

Current Developments

State personal income—a measure of nationwide income calculated as the sum of personal income of all states and the District of Columbia—increased in 48 states and the District of Columbia in the 1st quarter of 2023, with the percent change ranging from 11.4 percent in Maine to -1.0 percent in Indiana, according to estimates by the U.S. Bureau of Economic Analysis (BEA).

Oklahoma's personal income increased at a 6.2 percent rate in the 1st quarter of 2023, to a level of \$230.4 billion, ranking the state 26th among all states. For the 4th quarter of 2022, Oklahoma's personal income was revised upward to \$226.9 billion (5.5 percent) from the previous estimate of \$226.3 billion (5.0 percent).

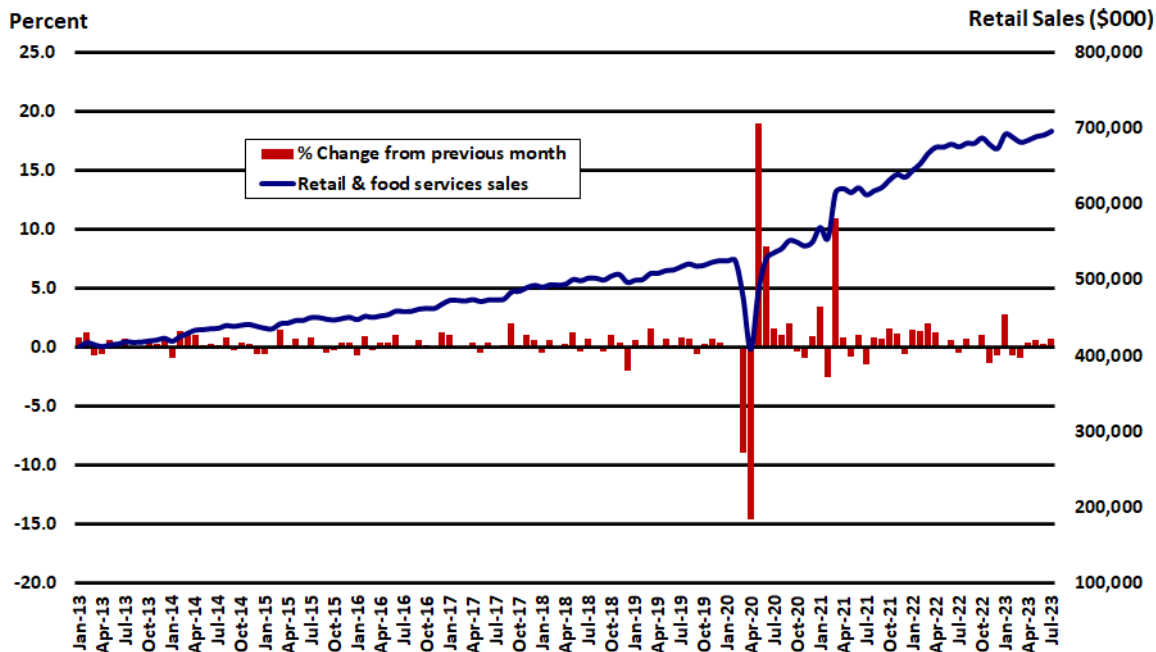
Earnings increased in all 50 states and the District of Columbia, growing 4.6 percent nationally. The percent change in earnings ranged from 12.4 percent in North Dakota to 0.1 percent in Arkansas. In Oklahoma, earnings increased 4.0 percent in the 1st quarter of 2023.

Earnings increased in 19 of the 24 industries for which BEA prepares quarterly estimates. Professional, scientific, and technical services; state and local government; and health care and social assistance were the leading contributors to the overall increase in earnings. Increases in farm earnings was the leading contributor to growth in personal income in four of the five fastest-growing states including Nebraska, North Dakota, Iowa, and South Dakota. In Oklahoma, State and local government; construction; and transportation and warehousing were the leading contributors to the overall growth in earnings in the 1st quarter of 2023.

U.S. Retail Sales (Adjusted for Seasonal, Holiday, and Trading-Day Differences)

January 2013 to July 2023

Source: U.S. Census Bureau, Advance Monthly Sales for Retail Trade and Food Services



Definition & Importance

Retail sales measure the total receipts at stores that sell merchandise and related services to final consumers. Sales are by retail and food services stores. Data are collected from the Monthly Retail Trade Survey conducted by the U.S. Bureau of the Census. Essentially, retail sales cover the durables and nondurables portions of consumer spending. Consumer spending accounts for roughly two-thirds of the U.S. GDP and is therefore essential to Oklahoma's economy. Retail sales account for around one-half of consumer spending and economic recovery calls for consumption growth.

Current Developments

Spending at U.S. retailers rose in July, a sign that solid consumer spending is still powering a resilient U.S. economy. Advance estimates of U.S. retail and food services sales for July 2023, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$696.4 billion, up 0.7 percent from the previous month, and up 3.2 percent above July 2022, according to the U.S. Census Bureau. Total sales for the May 2023 through July 2023 period were up 2.3 percent from the same period a year ago. The May 2023 to June 2023 percent change was revised from up 0.2 percent to up 0.3 percent.

Sales at car and auto parts dealers was down 0.3 in July, following a 0.7 percent increase in the previous month. Receipts at service stations rose 0.4 percent, on higher pump prices. Excluding sales at gasoline stations and on cars and parts, retail sales climbed 1.0 percent in July.

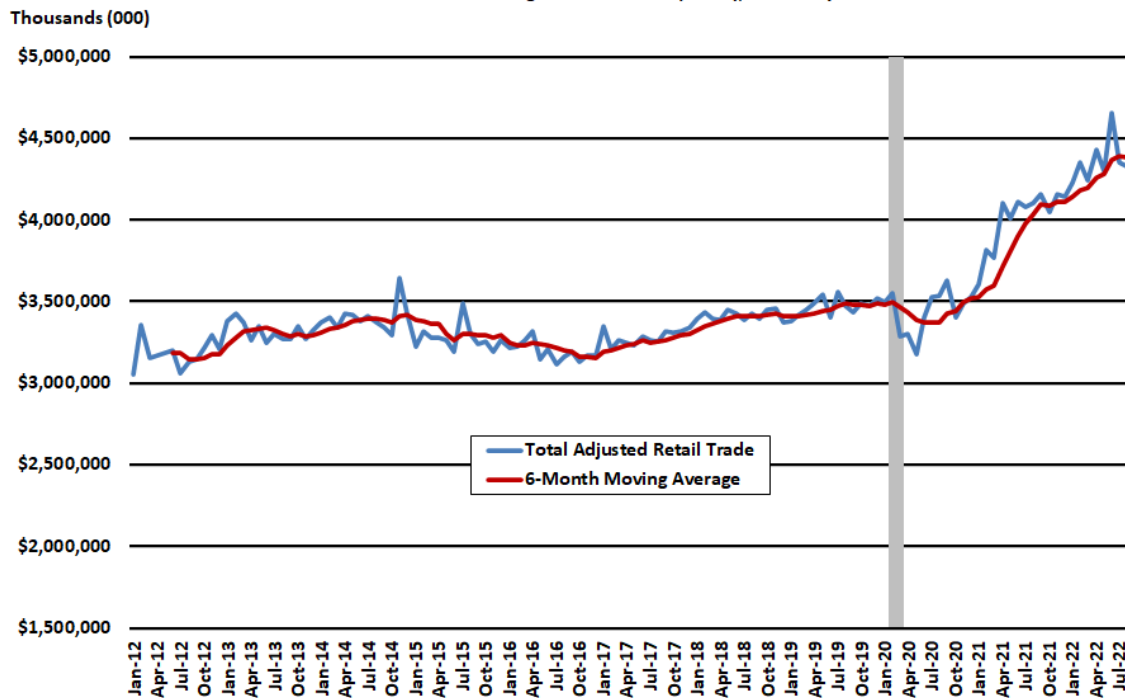
Department stores posted a 0.9 percent increase, while clothing and accessories stores had a 1.0 percent gain. Sales at sporting goods stores and hobby stores rose 1.5 percent, and restaurant sales rose 1.4 percent. Sales increased 1.9 percent at nonstore retailers, as spending on Amazon Prime Day helped boost online sales.

The less volatile "core" or retail-control group sales which are used to calculate gross domestic product, and strips out automobiles, gasoline, building materials, and food services sales, jumped 1.0 percent in July, following a revised 0.5 percent rate in June.

Oklahoma Total Adjusted Retail Trade

January 2012 to August 2022

Source: Center for Economic & Management Research (CEMR), University of Oklahoma



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

Definition & Importance

The Center for Economic and Management Research (CEMR) Price College of Business, at the University of Oklahoma produces the Oklahoma Monthly Retail Sales Series containing monthly estimates of retail sales for Oklahoma, the Oklahoma City, Tulsa, and Lawton Metropolitan Statistical Areas and 48 selected cities in Oklahoma. The series is based on sales tax collection data provided by the Business Tax Division, Oklahoma Tax Commission (OTC). In order to take out monthly volatility, we have used a six-month moving average.

Current Developments

Statewide retail spending declined in August, as Oklahomans spent less at the pump and on other discretionary spending items. Total adjusted retail trade in August was at a level of \$4.33 billion, down 0.4 percent from the previous month's revised level of \$4.35 billion. Over the year, total adjusted retail trade was up 5.6 percent from the August 2021 level of \$4.10 billion. Excluding estimated gasoline sales, total retail sales for August increased 0.4 percent over the month.

In August, total durable goods sales increased 0.5 percent, as all but one of the six durable goods categories reported rising receipts over the month. Furniture (2.4 percent); auto accessories & repair (0.8 percent); miscellaneous durable goods (0.5 percent); used merchandise (0.2 percent) and lumber & hardware (0.1 percent) reported gains over the month. The only declining durable goods category in August was computer, electronics & music stores (-0.4 percent).

Non-durable goods expenditures declined 0.8 percent in August, as estimated gasoline sales dropped 6.2 percent over the month on lower pump prices. Other declining non-durable goods categories in August were drug stores (-1.5 percent); liquor stores (-1.8 percent); and miscellaneous non-durable goods (-0.3 percent). Advancing non-durable goods categories in August were apparel (1.4 percent); eating & drinking places (0.6 percent); general merchandise stores (0.6 percent); and food stores (0.1 percent).

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